

Message Text

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USIA FOR IEU/MCLAUGHLIN

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TAGS: PINT, US, PO
SUBJECT: BIB/RFE NEGOTIATIONS

REF: (A) LISBON 8364 (B) LISBON 8267 (C) LISBON 8294
(D) ROBERTS/OKUN TELECON DEC. 23.

SUMMARY: MAJ FIGUEIREDO'S STUDY COMMITTEE DEC. 22
PRESENTED RARET MANAGER ITS OWN DRAFT VERSION OF THE
CONTRACT RENEWING LEASE OF GLORIA FACILITIES. THE GOP
DRAFT INCLUDES LEASE PAYMENT MANY TIMES LARGER THAN THAT
SUGGESTED BY RARET AND DROPS SUGGESTED WORDING RE DUTY-
FREE ENTRY OF TRANSMITTER EQUIPMENT, AMONG OTHER CHANGES.
THE PACKAGE WAS PRESENTED IN A TAKE-IT-OR-LEAVE-IT MANNER,
WHICH RARET MANAGER TAKES TO BE NEGOTIATING TACTIC.

1. STUDY-TEAM LEADER, MAJ. FIGUEIREDO, AND HIS COMMITTEE
MET WITH RARET MANAGER COSTA PEREIRA AND TWO MEMBERS OF
HER STAFF DEC. 22. FIGUEIREDO MADE IT CLEAR HE HAD TAKEN
OPTION (A) IN PARA 2 OF REFTEL (A) -- I.E. PRESENTING
COMMITTEE'S DRAFT POSITION ON CONTRACT RENEWAL
TO RARET BEFORE GIVING IT TO SECSTATE ALEGRE.

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FIGUEIREDO APPARENTLY INTENDS TO MEET HIS DEADLINE
OF TURNING STUDY RESULTS OVER TO ALEGRE BY END DECEMBER.
FIGUEIREDO TOOK HARD LINE, INDICATING--COSTA PEREIRA
BELIEVED AS A TACTIC--THAT HIS COMMITTEE'S REVISED CONTRACT
WAS NOT NEGOTIABLE. HE SET UP ANOTHER MEETING WITH
COSTA PEREIRA ON DEC. 29, BY WHICH TIME HE SAID HE

WANTED RARET'S RESPONSE.

2. PRELIMINARY ASSESSMENT: EMBASSY TODAY OBTAINED A COPY OF THE FIGUEIREDO REVISED CONTRACT. OUR INITIAL ASSESSMENT OF THE DOCUMENT, WHICH EVIDENCED CONSIDERABLE REWRITING OF THE RARET DRAFT PRESENTED TO GOP LAST MAY, INDICATES THESE CHANGES AND POTENTIAL PROBLEMS:
(A) GOP WANTS PAYMENT IN DOLLARS INSTEAD OF ESCUDOS AND THE TOTAL FOR THE 15-YEAR CONTRACT WOULD BE CONSIDERABLY LARGER--\$13,400,000 INSTEAD OF RARET'S PROPOSED 48,000 CONTOS (APPROXIMATELY \$1,500,000).
(B) GOP DRAFT ELIMINATES ANY MENTION OF DUTY-FREE IMPORT OF EQUIPMENT WHICH WAS AMPLY COVERED IN RARET DRAFT PARA. 2-A,B,C.
(C) AT THE END OF THE 15-YEAR CONTRACT PERIOD, ALL RARET TRANSMITTERS AND OTHER EQUIPMENT WOULD BECOME GOP PROPERTY.
(D) IMPORTATION OF ANY NEW TRANSMITTERS AND RELATED EQUIPMENT WOULD HAVE TO BE AUTHORIZED THROUGH ADDITIONAL, SEPARATE CONTRACTS.
(E) FOREIGN PERSONNEL WOULD BE LIMITED "AS MUCH AS POSSIBLE" AT RARET.
(F) THE CONTRACT COULD BE RESCINDED BY EITHER PARTY AFTER SEVEN YEARS, INSTEAD OF THE TEN YEARS SPECIFIED BY RARET. NOTIFICATION PERIOD WOULD BE THREE MONTHS INSTEAD OF THREE YEARS AS RARET PROPOSED. ALSO NEW: WITH A YEAR'S ADVANCE NOTICE, THE GOP COULD BREAK THE CONTRACT WITHIN THE FIRST SEVEN YEARS.

3. A POSSIBLE PLUS: NOTABLY INCLUDED IN BOTH RARET
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AND FIGUEIREDO DRAFTS WAS THE ARTICLE 2 CLAUSE WHICH PROVIDED FOR EQUIPMENT OWNED BY "THIRD PARTIES". WORDING IN THE GOP VERSION IS VAGUE, AND WILL HAVE TO BE STUDIED BY THE LAWYERS.

4. APPROACH: MRS. COSTA PEREIRA FOUND THE DEC. 22 MEETING DISAGREEABLE AND FIGUEIREDO'S APPROACH UNTACTFUL. SHE QUOTED HIM AS SAYING RARET TRANSMITTERS PUT PORTUGAL INTO A DIFFICULT POSITION WITH SOVIET BLOC COUNTRIES, AND THEREFORE MUST PAY THROUGH THE NOSE FOR IT.

5. NEXT STEPS: (A) IN TELECON (REF D) EMBASSY AGREED WITH ROBERTS THAT BEST APPROACH WOULD BE FOR MRS. COSTA PEREIRA TO ADVISE MAJ. FIGUEIREDO THAT SHE HAS TRANSMITTED HIS CONTRACT DRAFT TO HER SUPERIORS AND IS AWAITING A RESPONSE, WHICH SHE HOPES TO HAVE IN EARLY JANUARY.
(B) RE POSSIBLE MICKELSON VISIT TO LISBON NEXT

WEEK, EMBASSY BELIEVES IT WOULD BE PREMATURE FOR
HIM TO SIT DOWN WITH FIGUEIREDO. BUT WE WOULD NOT
OPPOSE HIS VISIT FOR PURPOSE OF REVIEWING FIGUEIREDO'S
DRAFT CONTRACT WITH US AND RARET. LAWYER IS CURRENTLY
OUT OF LISBON ON HOLIDAY. COSTA PEREIRA IS SUMMON-
ING HIM AND WE HAVE TENTATIVELY SET UP MEETING FOR
MORNING DEC. 28.

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